

September 23, 2021

The Honorable Dr. Miguel Cardona
Secretary
United States Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Secretary Cardona:

We, the undersigned State Student Loan Ombudspersons from Colorado, District of Columbia, Illinois, Maine, Massachusetts, Nevada, Virginia, and Washington write on behalf of borrowers who have dedicated their careers to public service yet continue to be denied the student loan forgiveness promised to them.

Student Loan Ombudspersons are government officials, who amongst other things, are tasked with resolving student loan servicing complaints and helping borrowers understand their rights and responsibilities under the terms of their loans. We work on the frontlines of the student loan debt crisis and hear firsthand about the myriad of problems, barriers, and frustrations that borrowers experience when trying to understand and pursue Public Service Loan Forgiveness (PSLF) and Temporary Expanded Public Service Loan Forgiveness (TEPSLF). When borrowers fail to receive adequate customer service and support from their student loan servicers, many turn to us. We have heard from thousands of borrowers that the PSLF program is not working and is causing significant stress and financial hardship. It is imperative that you take swift and immediate action to uphold the federal government's promise of loan forgiveness to public servants.

The problems that borrowers experience understanding, applying for, and receiving PSLF/TEPSLF are quite common and alarmingly widespread. The problems and complaints we frequently observe include:

- Lack of knowledge concerning PSLF/TEPSLF, including failures by servicers to inform borrowers about PSLF/TEPSLF and its requirements when borrowers inquire about the program or notify servicers of public service employment;
- Undue complexities in the program that make it difficult for borrowers to successfully navigate the path to forgiveness;
- Misinformation from servicers, including misrepresentations that borrowers are on track for forgiveness, when in fact, they have a non-qualifying loan type or are in a non-qualifying repayment plan;
- Servicers steering borrowers toward forbearance as opposed to other programs that are available to them (*e.g.*, PSLF, TEPSLF, and Income Driven Repayment (IDR)), which impedes progress towards loan forgiveness;

- Delays in processing IDR applications and recertifications, or problems accurately calculating IDR payments, resulting in forbearance and the loss of opportunities to make qualifying payments toward forgiveness;
- Payment records not accurately transferring from one servicer to another;
- Inconsistent and frequently revised qualifying payment and/or qualifying employment counts and an inability to get information or explanations concerning changes and discrepancies; and
- Failures by servicers to advise borrowers that consolidation restarts the clock on forgiveness, particularly when borrowers have qualifying and non-qualifying loan types.

This is just a sampling of the problems and complaints that we have observed as State Student Loan Ombudspersons. The result in any scenario is an increase in a borrower's student loan debt, which has long-term financial consequences.

Currently, many borrowers are waiting many months to have their qualifying payments estimated or to have their loans evaluated for forgiveness. For example, a borrower in Massachusetts waited over five months for her forgiveness application to be reviewed. While the ongoing pandemic has understandably put a strain on many industries, including student loan servicing, borrowers should not have to wait so long for something so crucial to their financial well-being.

In Washington state, a borrower has been waiting months to have her loans evaluated for forgiveness. She has worked in public schools for over 28 years and has diligently made payments since 2009. Despite paying over \$500 a month, her debt has grown to more than \$100,000 in over a decade of repayment. She consolidated her loans in 2016 under guidance from her servicer but learned only recently that she will not be eligible for forgiveness until 2027. She plans to retire soon and will not be working for a public employer in 2027. Thus, despite decades of faithful public service and loan payments, she will not be eligible to receive the forgiveness that is owed to her and will instead enter retirement with a mountain of debt.

Issues with application submission, the employer certification, and the number of qualifying payments, are ongoing and very discouraging to borrowers. Recently, a borrower in Nevada was given the incorrect number of qualifying payments after submitting her employer certification form. She was missing over 24 months of qualifying payments in her count towards the 120 payments. The Nevada Student Loan Ombudsperson contacted the servicer, and the representative told the Ombudsperson that the borrower had not made any payments during those 24 months. The borrower has been on an IDR plan since the beginning of repayment, but her monthly payment for the first 24 months was \$0 due to her income. The Ombudsperson requested a manual recount of the payments which took over six months to complete. Had the Ombudsperson not been available to the borrower, the borrower may have accepted the incorrect information given by the servicer's representative. Similarly, a Massachusetts borrower was given an incorrect qualifying payment count. After pushing for answers, it was discovered that

payments made to a prior servicer hadn't been counted because the current servicer's system was registering payments for only part of the borrower's consolidation loan. It thus incorrectly appeared to the servicer that these payments were underpayments, when in fact, they were full payments that qualified towards PSLF.

For people of color, attaining a postsecondary credential, professional degree, and a job with the federal government is often viewed as a pathway to the middle class and financial stability. Consequently, one would think that federal employees would be exempt from the student loan debt crisis, and successful at attaining Public Service Loan Forgiveness. But the path to financial stability for people of color, and African American women in particular, has been upended by the student debt crisis. In fact, African American women as a share of the population owe more student loan debt than any other demographic group.¹

One borrower in Washington, D.C. exemplifies the PSLF quagmire that has stymied the effort of 98 percent of applicants to obtain relief. The borrower is a 58-year-old African American single mother who has worked in federal service since earning a bachelor's degree from Howard University in 1987. She tried to make up for the wage gap by completing an advanced Software Engineering degree from Johns Hopkins University in 2009. As she struggled to balance childcare, her mortgage, and living expenses, she repeatedly contacted her federal loan servicer for help addressing her student loan debt. She was offered a single remedy: forbearance. But after every forbearance, she found herself struggling more as the payments increased due to interest capitalization. The servicer never mentioned the availability of an Income-Driven Repayment (IDR) plan or PSLF to the career public servant.

When she eventually learned of PSLF and asked her servicer about the program, she was misinformed that she needed to consolidate her Parent PLUS loans with her other loans to be eligible. She consequently became discouraged and gave up on PSLF. Today, within seven years of retirement, her total student loan debt, including her Parent PLUS loans, exceeds \$100,000. Fortunately, she attended a neighborhood presentation by the District of Columbia's Student Loan Ombudsperson on PSLF. After this workshop, she applied for TEPSLF which will take care of some of her loans, though not her Parent PLUS Loans. If her servicer had provided appropriate counseling in 2009, she would have already received forgiveness.

Based on observed borrower trends and experiences, we are advocating for the following four changes to PSLF:

¹ Black women take on the most substantial debt burden with an average of more than \$41,400, according to the American Association of University Women (AAUW). Deeper in Debt 2021 Update, AAUW.org. https://www.aauw.org/app/uploads/2021/05/Deeper_In_Debt_2021.pdf

- **Simplify forgiveness.** Provide PSLF to anyone who works full-time in public service for ten years and makes payments on their loans, regardless of their loan type or repayment plan.
- **Make it automatic.** Verify employment using IRS tax information, automatically count qualifying payments, and grant forgiveness without the need for an application.
- **Grant partial forgiveness on an incremental basis.** Grant forgiveness on a monthly or annual basis, instead of making a borrower wait ten years to find out if they qualify for forgiveness. This makes progress toward forgiveness transparent for the U.S. Department of Education, the borrower, and the servicer.
- **Don't penalize borrowers who leave public service after ten years.** Grant forgiveness even if the borrower is no longer working for a qualifying employer at the time they apply for forgiveness. The approval process has taken months to complete, with borrowers waiting almost a year to be approved. There is no reason borrowers should lose eligibility if they've completed their public service and made their 120 qualifying payments.

State Student Loan Ombudspersons have worked for years to help struggling student loan borrowers navigate the broken PSLF/TEPSLF system. Our firsthand experiences with borrowers and servicers, our extensive knowledgebase, and our unbiased vantagepoint uniquely position us to help the Department repair the PSLF program and correct the many injustices that have resulted from its poor implementation.

We appreciate the Department's acknowledgement earlier this year that collaboration with the states is the best way to provide high quality service to student loan borrowers. We strongly agree with this sentiment and hope the Department continues to support us in this work. Thank you for your consideration of our comments. We are eager to work with you on redesigning PSLF/TEPSLF to ensure that it delivers on its promise to the public servants we all rely upon to keep us safe, healthy, and educated.

Sincerely,



Stephanie Sampedro
Student Loan Advocate
Washington Student Achievement Council



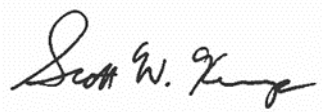
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